

# Monthly estimates of business openings and closures, July 2022

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In July, the business opening rate contracted by 0.6 percentage points compared with its July 2021 level (5.2%). The business closure rate rose by 0.7 percentage points to settle at 4.6%. As the number of openings and closures was similar, the number of active businesses remained relatively unchanged. These were the largest variations in openings and closures not necessarily attributable to public health restrictions since the onset of the COVID-19 pandemic. The [Canadian Survey on Business Conditions](#) (CSBC) showed that businesses expect to continue to face challenges related to rising inflation and costs of inputs, as well as supply chain issues during the third quarter of 2022.

The decrease in the number of business openings in July compared with the previous year was entirely driven by fewer business re-openings. Indeed, the 0.1 percentage point increase in the entry rate (1.8%) was offset by the 0.8 percentage point decline in the re-opening rate, which dropped for the second consecutive month. The re-opening rate (2.7%) settled at its lowest level since February 2020, 0.2 percentage points below its historical average from 2015 to 2019.

The business opening rate in July (2.8%) dropped by more than half (-2,709 businesses) in the other services industry (except public administration) compared with July 2021 (6.7%). This industry led the decline in the overall number of openings. The industry was followed by accommodation and food services (3.4% compared with 4.8%; -803), retail trade (3.2% compared with 3.8%; -480) and arts, entertainment and recreation (4.3% compared with 6.3%; -230). In the other industries, the number of business openings increased or changed little.

Compared with the previous year, the increase in the business closure rate in July was widespread across industries. This rise was driven by construction (+0.5 percentage points; +797 closures) followed by accommodation and food services (+0.9 percentage points; +638). According to the CSBC, these were the two industries with the highest proportion of businesses that were expecting inflationary pressures to be the major obstacle in the third quarter of 2022. Accommodation and food services, which posted a decline in [gross domestic product](#) for the first time since January 2022, was also the third industry with the largest proportion of businesses fearing rising costs of inputs in the coming months.

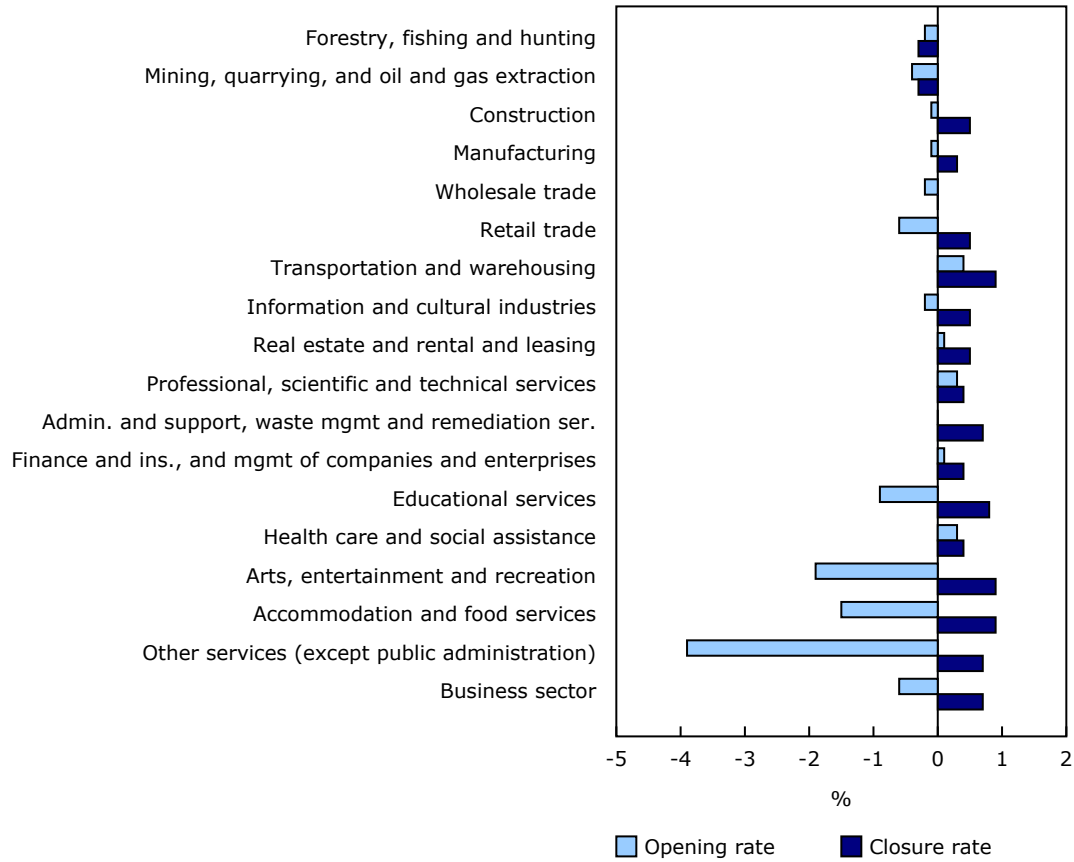
The series on temporary business closures and exits (or "permanent closures") is now updated to include data up to January 2022. The exit rate dropped slightly from 1.6% in January 2021 to 1.5% in January 2022. In January, for the fifth consecutive month, the exit rate remained below its historical average from 2015 to 2019 (1.7%).

In January 2022, with the exception of the mining, quarrying, and oil and gas extraction (+0.4 percentage points) and transportation and warehousing (+0.3 percentage points) industries, the exit rate was within 0.2 percentage points of its January 2021 level in all industries. Although the exit rate in the transportation and warehousing industry (2.2% exit rate compared with 1.5% historical average) was furthest from its historical average, it held steady or dropped for the fifth consecutive month. The exit rate remained at 2.4% in the real estate and rental and leasing industry, 0.5 percentage points above its historical average. Conversely, the accommodation and food services (1.2% compared with 1.6%) and manufacturing (0.7% compared with 1.0%) industries had the lowest exit rates relative to their respective historical averages.



**Chart 1**

**Percentage points change in the business opening and closure rates from July 2021 to July 2022, by industry, seasonally adjusted series**

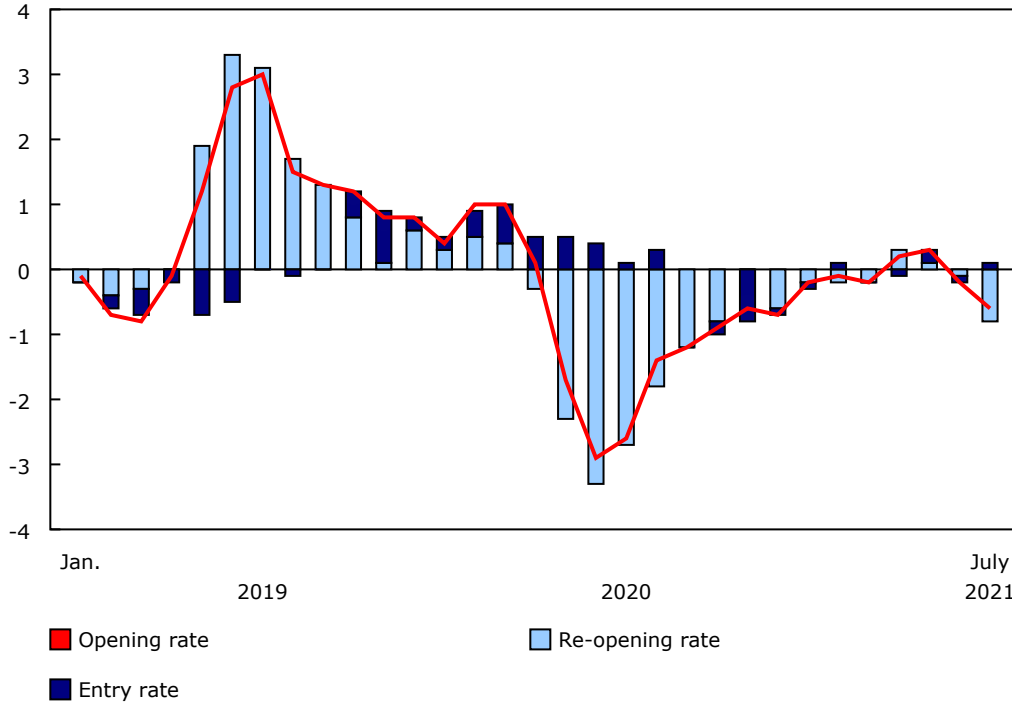


Source(s): Table 33-10-0270-01.

**Chart 2**

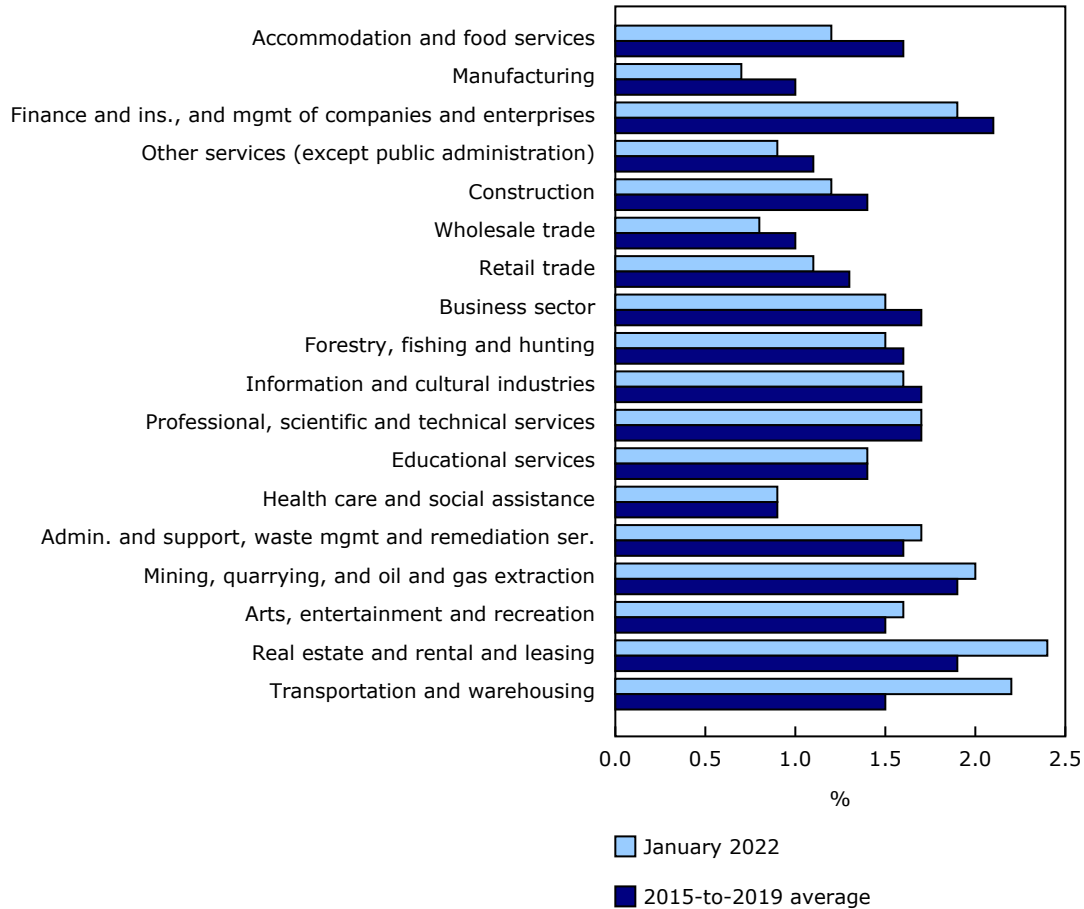
**Year-over-year percentage points change in the business opening rate and its components, business sector, January 2020 to July 2022, seasonally adjusted series**

percentage point



**Note(s):** Numbers may not add up to total due to rounding.  
**Source(s):** Table 33-10-0270-01.

**Chart 3**  
**Monthly exits as a percentage of active businesses, by industry, Canada, January 2022,**  
**seasonally adjusted series**



Source(s): Table 33-10-0270-01.

### Note to readers

April 2022's release introduced a new process for seasonal adjustment in the presence of the outliers generated by the response to the COVID-19 pandemic. The new process has a greater number of outliers that are explicitly recognized at the outset of the seasonal adjustment process. This leads to a greater number of outliers being taken into account than was previously occurring. Examinations of seasonally adjusted data using the new process show results that are more stable over time and produce smaller revisions.

Every new month of data leads to a revision of the previously released data due to such factors as the seasonal adjustment process and a new version of the Generic Survey Universe File (or vintage of the Business Register). As such, the estimates may vary compared with a previous release.

Openings are defined as businesses with employment in the current month and no employment in the previous month, while closures are defined as businesses that had employment in the previous month, but no employment in the current month. Continuing businesses are those that have employees in both months, and the active population in any given month is the number of opening and continuing businesses in that month. Re-opening businesses are defined as opening businesses that were also active in a previous month (that is, they closed in a given month and had positive employment in a subsequent month). In contrast, entrants are opening businesses that were not active in a previous month.

The definition of exits is based on the Longitudinal Employment Analysis Program (LEAP) annual exits. Because the LEAP definition can require up to 24 months of data for a business to be counted as an exit, projections of exits using predicted growth rates are implemented using a regression model of exits on closures of more than six months. As a result, there are no published exits in the last six months. A temporary business closure is the difference between closures and exits. For more information on temporary business closures and exits, see "[Defining and measuring business exits using monthly data series on business openings and closures.](#)"

A business is defined as an enterprise operating in a particular geography and industry.

The vast majority of businesses operate in one industry and one location or geography. These businesses will be counted once at the national and provincial levels in the monthly estimates of openings and closures. For example, a retailer in Windsor, Ontario, will be counted as an active business in the Ontario estimates and once in the national estimates.

Some businesses can have multiple operations, and these can be in different industries and geographies. Such businesses can be counted more than once in the monthly estimates of openings and closures because they are active in multiple industries or geographies. For example, if a retailer has operations in both Alberta and Ontario, it will be counted as an active business in both provinces, but only once at the national level because it represents only one active firm. Similarly, a firm with retail and wholesale operations will be counted in both industries when individual industries are examined. However, when the business sector is examined, the firm counts only once because at that level it represents one firm active in the business sector.

**Available tables: table [33-10-0270-01](#).**

**Definitions, data sources and methods: survey number [8013](#).**

For more information, or to enquire about the concepts, methods or data quality of this release, contact us (toll-free 1-800-263-1136; 514-283-8300; [infostats@statcan.gc.ca](mailto:infostats@statcan.gc.ca)) or Media Relations ([statcan.mediahotline-ligneinfomedias.statcan@statcan.gc.ca](mailto:statcan.mediahotline-ligneinfomedias.statcan@statcan.gc.ca)).